

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /124 W
-----098378 040956Z /10

R 040925Z APR 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 6776
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 05629

ALSO FOR MTN
PASS STR

E.O. 11652: GDS
TAGS: ETRD, JA, US
SUBJECT: JAPANESE REACTIONS TO COLOR TV ANTIDUMPING
. DUTY ASSESSMENTS

REF: A. STATE 83574, (B) TOKYO 5369

SUMMARY. JAPANESE PRESS HAS BEEN RELATIVELY
RESTRAINED IN ITS REACTION TO TREASURY DEPARTMENT'S
ANNOUNCEMENT THAT IT WOULD BEGIN COLLECTING ANTI-
DUMPING DUTIES. NEVERTHELESS, JAPANESE IRRITATION
AT FORMULA USED TO ARRIVE AT DUTIES, AS WELL AS
SWIFTNESS WITH WHICH ANNOUNCEMENT WAS IMPLEMENTED,
HAS SURFACED IN PRESS ARTICLES, AS WELL AS IN OUR
TALKS WITH MITI AND ELECTRONICS INDUSTRY ASSOCIATION.
JAPANESE GOVERNMENT OFFICIAL, AS YET UNIDENTIFIED,
WILL REPORTEDLY GO TO WASHINGTON SOON TO
DISCUSS FORMULA AND OTHER ISSUES. END SUMMARY.

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2. JAPANESE PRESS HAS GIVEN TV DUMPING CASE CONSIDERABLE
BUSINESS AND OCCASIONAL FRONT PAGE COVERAGE, AND HAS IN
MANY CASES EXAGGERATED FACTS AS OFFICIALLY ANNOUNCED IN
WASHINGTON. ASAHI EVENING NEWS (APRIL 1) RAN 13-INCH
ARTICLE CITING THAT AN ESTIMATED \$300 MILLION TOTAL DUMP-
ING DUTIES MAY BE DUE, INCLUDING \$46 MILLION FOR 1972 AND
1973. ARTICLE QUOTED JAPANESE INDUSTRY AS DENOUNCING U.S.

FOR "UNILATERALLY INTRODUCING A NEW METHOD OF CALCULATION IN ORDER TO ACCUSE THE JAPANESE MAKERS OF DUMPING." ELECTRONIC INDUSTRIES ASSOCIATION OF JAPAN (EIAJ) PRESIDENT YOSHIYAMA WAS SAID TO HAVE PETITIONED MITI TO ASK U.S. TO POSTPONE LIQUIDATION PAYMENT. ARTICLE STATED THAT MITI HAD MADE APPEAL TO USG, AND CHARGED THE TREASURY ACTION VIOLATED PROVISIONS OF OMA. ASAHI ADDED THAT REASON BEHIND DEMAND FOR LIQUIDATION SIX YEARS AFTER ORIGINAL TREASURY DECISION WAS NOT KNOWN.

3. MAINICHI (APRIL 2) RAN SHORT KYODO NEWS SERVICE REPORT OF TREASURY ACTION, CITING PROVISIONAL DECISION TO LEVY \$46 MILLION IN ANTI-DUMPING DUTIES FOR 1972 AND 1973. ARTICLE NOTED THAT FINAL ASSESSMENT OF DUTIES WOULD BE ANNOUNCED AFTER HEARING COMPLAINTS AGAINST PROVISIONAL ASSESSMENT FROM QUOTE JAPANESE AND OTHER QUARTERS CONCERNED UNQUOTE.

4. JAPAN TIMES (APRIL 2) RAN SAME BASIC KYODO WIRE SERVICE ARTICLE AS MAINICHI. HOWEVER, ARTICLE SOMEWHAT MEDDLED THE WATERS BY QUOTING MITI OFFICIALS TO EFFECT THAT U.S. HAD AGREED TO POSTPONE DEADLINE FOR PAYMENT BY THREE MONTHS AND NEGOTIATE WITH JAPAN AFTER HEARING COMPLAINTS ON PROVISIONAL ASSESSMENT. MITI TOLD EMBOFF THAT IT HAD NOT ISSUED SUCH A STATEMENT AND THAT WHOEVER HAD SPOKEN TO THE PRESS WAS EITHER MISINFORMED OR MISCONFIDENTIAL

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QUOTED. WE BELIEVE THERE IS CERTAIN AMOUNT OF CONFUSION AMONG JAPANESE PRESS OVER ANNOUNCED PERIOD FOR MAKING PROTESTS ON ASSESSED DUTIES. SOME HAVE EVIDENTLY MISTAKENLY INTERPRETED THIS AS POSTPONEMENT OF TREASURY DECISION. JAPAN TIMES ARTICLE ALSO STATED THAT U.S. VIEW WAS THAT LEVY WAS AN IRREVOCABLE ONE.

5. MOST EXTENSIVE COMMENT IN VERNACULAR PRESS WE HAVE SEEN TO DATE IS IN LONG ARTICLE IN NIKKAN KOGYO (APRIL 4). ARTICLE CONCENTRATED ON UPCOMING VISIT BY JAPANESE GOVERNMENT OFFICIAL TO U.S., WHICH IT STATED MAY OCCUR WITHIN THIS WEEK, TO START GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS. ARTICLE WENT ON TO STATE THAT JAPAN WOULD CONFRONT TREASURY ON FORMULA USED FOR CALCULATION OF DUMPING PAYMENTS, AND SPECULATED THAT CONCESSIONS MIGHT BE FORTHCOMING. ARTICLE ALSO EXPRESSED OPINION THAT TREASURY STATEMENT TO EFFECT IT WOULD CONSULT IF THERE WERE PROBLEMS WAS UNUSUAL, AND CALLED ATTENTION TO FACT THAT TREASURY HAD USED NEW FORMULA FOR CALCULATING DUMPING DUTIES. MITI WAS QUOTED AS SAYING THE "FOCAL POINT" OF THE U.S.-GOJ NEGOTIATIONS WILL BE THE "DOUBTFUL POINTS IN THE CALCULATION FORMULA."

6. IN RELATED DEVELOPMENT, DELEGATION FROM ELECTRONICS INDUSTRIES ASSOCIATION OF JAPAN (EIAJ) CALLED ON THE AMBASSADOR APRIL 3 TO STRESS CONCERN AT MARCH 31 TREASURY ACTION ON COLOR TV ANTI-DUMPING ASSESSMENTS. THE DELEGATION WAS LED BY MR. HIROHICHI YOSHIYAMA, PRESIDENT OF EIAJ AND PRESIDENT OF HITACHI, AND MR. TOSHIO TAKAI, EXECUTIVE VICE PRESIDENT OF EIAJ. YOSHIYAMA STRESSED THAT JAPANESE ELECTRONICS INDUSTRY WAS VERY MUCH SURPRISED AT ANNOUNCEMENT OF DUMPING DUTIES, SINCE THIS ISSUE HAD BEEN "TABLED" FOR A NUMBER OF YEARS. HE SAID JAPANESE SIDE HAD CONSIDERED THE MATTER RESOLVED AFTER CONCLUSION OF THE OMA, AND THAT JAPANESE COMPLIES HAD FAITHFULLY

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OMB-01 DOE-15 /124 W

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COMPLIED WITH VOLUNTARY RESTRAINTS. YOSHIYAMA ALSO STRESSED THAT COLLECTION OF DUTIES WOULD HAVE SUBSTANTIAL NEGATIVE IMPACT ON JAPANESE COLOR TELEVISION INDUSTRY.

7. IN RESPONDING TO INQUIRY ABOUT WHETHER EIAJ HAD LEGAL REPRESENTATION IN U.S. CONCERNING DUMPING DUTIES CASE, MR. TAKAI REPLIED THAT UP UNTIL MIDDLE OF 1977 EIAJ LAWYER HAD KEPT IN CLOSE TOUCH WITH TREASURY DEPARTMENT. HOWEVER, ACCORDING TO TAKAI, SINCE LATTER PART OF 1977 TREASURY DEPARTMENT OFFICIALS HAD NOT RESPONDED TO REPEATED ATTEMPTS BY LAWYER TO MEET WITH THEM FOR DISCUSSION OF CURRENT STATUS OF CASE. AMBASSADOR REQUESTED

THAT YOSHIYAMA'S STATEMENT BE TRANSLATED INTO ENGLISH, AND STATED THAT THEY WOULD BE FORWARDED TO APPROPRIATE OFFICIALS IN WASHINGTON. JAPANESE DELEGATION APPEARED TO WELCOME THIS ACTION. THESE VIEWS WILL FOLLOW IN SEPTEL.

8. IN RESPONDING TO JAPANESE, WE BELIEVE IT IS IMPORTANT TO DISTINGUISH BETWEEN "SURPRISE" EXPRESSED BY JAPANESE
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COLOR TV INDUSTRY OFFICIALS THAT DUMPING DUTY ISSUE IS STILL EXTANT AND MITI CONCERN OVER RAPIDITY WITH WHICH ANNOUNCED DECISION TOOK EFFECT. JAPANESE COLOR TV INDUSTRY CONTENTION IS THAT SIGNING OF OMA SOMEHOW WIPED THE SLATE CLEAN OF ALL OTHER PENDING ACTIONS RELATED TO JAPANESE COLOR TV EXPORTS TO U.S. WE ARE, FRANKLY, UNCONVINCED THAT THEIR SURPRISE THAT A LIQUIDATION OF ASSESSMENT DUTIES WOULD TAKE PLACE IS GENUINE. FOR EXAMPLE, WE NOTE THE SECTION 377 SIDE LETTER OF MAY 5, 1977 WITH RESPECT TO PENDING ANTI-DUMPING DUTIES IN WHICH IT IS STATED THAT TREASURY WILL "MAKE A SPECIAL EFFORT TO LIQUIDATE PROMPTLY ALL ENTRIES TO WHICH APPRAISEMENT HAS BEEN WITHHELD." WE DO BELIEVE, HOWEVER, THAT THE INDUSTRY WAS CAUGHT OFF GUARD BY LACK OF A "DECENT INTERVAL" BETWEEN ANNOUNCEMENT BY TREASURY AND ACTUAL IMPLEMENTATION OF COLLECTION OF DUTIES BY CUSTOMS. OUR VIEW ON THIS POINT IS UNDERSCORED BY INDUSTRY STATEMENT THAT, IN TV MANUFACTURERS' OPINION, THEIR LEGAL COUNSEL IN WASHINGTON WAS NOT INFORMED OF IMMINENT TREASURY ANNOUNCEMENT. JAPANESE ALSO HAVE OBJECTED STRONGLY TO USE OF COMMODITY TAX LEVEL AS BASIS FOR DETERMINING FAIR VALUE. THEY CLAIM COMMODITY TAX BASE IS ASSESSED INFREQUENTLY AND SUBJECT TO OUTSIDE FACTORS NOT NECESSARILY RELATED TO VALUE OR PRODUCTION COST. ONE PRESS REPORT GOES INTO MUCH DETAIL ON THIS IN A BACKGROUND ARTICLE.

9. JAPANESE ARE LIKELY TO RAISE COLOR TV DURING FUKUDA VISIT TO WASHINGTON AT CABINET LEVEL. THEY WILL HAVE JAPANESE INDUSTRY INTERESTS IN MIND AND WILL AS A MINIMUM SEEK ASSURANCES OF NO NEW SURPRISES. QUIET REASSURANCES FROM US ON THIS POINT WILL BE HELPFUL IN AVOIDING UNWANTED PUBLICITY WHICH COULD DEVELOP DURING FUKUDA VISIT.

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10. QUESTION OF REACTION BY MITI OFFICIALS, WHO PROFESSED

"SHOCK" AT LACK OF ADEQUATE OPPORTUNITY TO PREPARE INDUSTRY FOR ANNOUNCEMENT, WE BELIEVE IS MORE SERIOUS (INITIAL MITI REACTION REPORTED REFTEL B). THEY CLEARLY EXPECTED EARLIER NOTIFICATION THAN THEY RECEIVED, AND WILL BE SEEKING A WAY TO PROVE TO INDUSTRY THAT MITT'S PROPER ROLE IN THIS ISSUE IS MORE THAN WHAT INDUSTRY MAY VIEW AS SUPINE ACCEPTANCE OF U.S. FAIT ACCOMPLI. IT IS POSSIBLE THAT JAPANESE PRESS MAY PLAY 90 DAY PERIOD OF "PROTESTS" AND COURT REVIEW AS GOVERNMENT-TO-GOVERNMENT NEGOTIATIONS. THIS MIGHT HELP TO APPLY A CERTAIN AMOUNT OF GLOSS IN JAPANESE DOMESTIC CONTEXT AND EASE MITT'S EMBARRASSMENT. IF JAPANESE DO FOLLOW THIS LINE, WE SEE NO REASON TO DISABUSE THEM OF IT.

11. MEANWHILE WE WOULD APPRECIATE A RUN-DOWN OF RECENT HAPPENINGS IN WASHINGTON SO WE MAY RESPOND TO OFFICIALS ABOUT THE PERIOD BEFORE MARCH 31 DURING WHICH GOJ MIGHT HAVE ENGAGED IN CONSULTATIONS. MANSFIELD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ANTIDUMPING LAW (TRADE), TELEVISION EQUIPMENT, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978TOKYO05629
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780144-1118
Format: TEL
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780492/aaaadauy.tel
Line Count: 241
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c40c7db6-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 STATE 83574, 78 TOKYO 5369
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3075407
Secure: OPEN
Status: NATIVE
Subject: JAPANESE REACTIONS TO COLOR TV ANTIDUMPING . DUTY ASSESSMENTS
TAGS: ETRD, JA, US
To: STATE GENEVA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c40c7db6-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014